



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

**ADVISORY OPINION 2014-02
(Make Your Laws PAC, Inc.)**

**STATEMENT OF VICE CHAIR ANN M. RAVEL AND
COMMISSIONERS STEVEN T. WALTHER AND ELLEN L. WEINTRAUB**

Make Your Laws PAC, Inc. ("MYL") submitted a request seeking a Commission advisory opinion on its proposal to accept, purchase and disburse bitcoins under the Federal Election Campaign Act of 1971, as amended (the "Act"), and Commission regulations. In a supplement to its initial request, MYL stated that it would not accept bitcoin contributions valued in excess of \$100, per contributor, per election.¹ MYL also stated that, before it accepts a bitcoin contribution, MYL would require the contributor to affirm that he or she is not a foreign national.² Because MYL will accept no more than \$100 in bitcoins, per contributor, per election; will collect names, addresses, occupations and employers of contributors; and will require affirmations that its contributors are not foreign nationals, we voted to approve of MYL's acceptance of bitcoin contributions.

Bitcoin, a virtual currency invented in 2009, allows users to make anonymous and untraceable transactions easily. The bitcoin system raises serious concerns with regard to a political committee's obligation to identify its contributors and determine the legality of contributions it receives, as required by the Act. Bitcoins differ from more common contribution methods, such as checks or standard credit cards, because "all that is needed to complete a transaction is a bitcoin address, which does not contain any personal identifying information."³ Moreover, unlike checks or credit cards, bitcoins are not associated with a depository institution, which means that they cannot be traced or verified through standard audit mechanisms, such as account records.⁴

Given their potentially anonymous nature, contributions of bitcoins are most like cash contributions, on which the Act imposes strict limits. Specifically, the Act allows committees to accept cash contributions of only \$100 per contributor per election. *See* 2 U.S.C. § 441g; *see also* 11 C.F.R. § 110.4(c). Congress imposed this limitation because it was concerned that "cash offers too facile a medium for unethical and illegal activities" due to "[i]ts untraceability and

¹ Email from Sai, on behalf of MYL to Commission Attorney Jessica Selinkoff dated February 21, 2014. All documents related to Advisory Opinion 2014-02 are available at <http://saos.fec.gov/saos/searchao>.

² Advisory Opinion Request dated February 10, 2014 at 7; Comment submitted by MYL dated April 20, 2014 at 3.

³ U.S. Gov't Accountability Office, GAO-13-516, *Virtual Economies and Currencies 8 (2013)*, available at <http://www.gao.gov/assets/660/654620.pdf>.

⁴ *See, e.g.*, 31 C.F.R. 103.121(b) (requiring depository institutions to identify and keep certain records regarding each customer who opens an account).

easy transferability.” 120 Cong. Rec. 7832 (1974) (statement of Rep. Boland). Although bitcoin is not “currency of the United States” or of a foreign country, and 11 C.F.R. § 110.4(c) is therefore not directly applicable, the anonymity of bitcoin — and the resulting compliance and reporting concerns attendant upon their receipt — requires them to be treated the same as contributions of currency are treated under that section.

For this reason, the \$100 limitation on MYL’s acceptance of bitcoins was a material aspect of the proposed transaction upon which we relied when joining our colleagues in approving MYL’s request. MYL’s commitment to require each bitcoin contributor to affirm that he or she is not a foreign national before any contribution is accepted was similarly key. The fact that bitcoins are ultimately untraceable makes prophylactic measures at the outset of the transaction particularly important.


Finally, we note that the Act clearly limits who may rely on an advisory opinion rendered by the Commission. Besides those involved in the specific transaction or activity described by the requestor, only those persons who are “involved in any specific transaction or activity which is *indistinguishable in all its material aspects* from the transaction or activity with respect to which such advisory opinion is rendered” may rely upon a Commission advisory opinion. 2 U.S.C. § 437f(c)(1) (emphasis added). The activity addressed in this Advisory Opinion concerns a committee’s proposed acceptance of bitcoins worth no more than \$100 from a contributor for a particular election, after obtaining an attestation from the contributor that he or she is not a foreign national. For the purposes of today’s decision, the Commission has opined only on the facts at hand. Previously, the Commission considered a broader advisory opinion request from the Conservative Action Fund, which sought approval of bitcoin contributions worth in excess of \$100; the Commission did not approve that request.⁵ While considering the Conservative Action Fund’s request, we recommended that the Commission address bitcoin contributions in a rulemaking. We continue to believe that is the better approach to this issue. We hope our colleagues on the Commission will join us in that effort.


Ann M. Ravel
Vice Chair

May 8, 2014
Date


Steven T. Walther
Commissioner

5/8/14
Date


Ellen L. Weintraub
Commissioner

5/8/14
Date

⁵ See Certification in Advisory Opinion 2013-15 (Conservative Action Fund) dated November 21, 2013, available at <http://saos.fec.gov/saos/searchao?SUBMIT=ao&AO=3580&START=1248251.pdf>.